

HOUSE BILL No. 1583

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6.

Synopsis: Property tax circuit breaker. Provides for the calculation of the 2% circuit breaker property tax credit after subtracting certain levies. Indicates that any reduction in collections due to the property tax credit does not relieve a taxing unit from the requirement of fully funding the payment of debt service or lease rentals.

Effective: January 1, 2008.

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January 23, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1583

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-20.6-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 1.5. As used in this chapter, "excluded levy" refers to the following:**

- (1) A medical assistance property tax levy imposed under IC 12-13-8-4.
- (2) A hospital care for the indigent property tax levy imposed under IC 12-16-14-3.
- (3) A levy imposed to defray the expenses and pay for child services (as defined in IC 12-19-7-1), including a levy to repay a loan or bond issued under IC 12-19-5 or IC 12-19-7.
- (4) A levy imposed to defray the expenses and pay for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1), including a levy to repay a loan or bond issued under IC 12-19-5 or IC 12-19-7.5.
- (5) A children with special health care needs property tax levy imposed under IC 16-35-3-3.



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(6) A state forestry fund levy imposed under IC 14-23-3-3.

(7) A state fair fund levy imposed under IC 15-1.5-8-1.

SECTION 2. IC 6-1.1-20.6-3, AS ADDED BY P.L.246-2005, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. As used in this chapter, "property tax liability" means liability for ~~the~~ **ad valorem property tax levies** imposed on property under this article ~~determined after application of~~ **subtracting:**

(1) all credits and deductions under this article except the credit under this chapter; ~~but and~~

(2) any liability for excluded levies that remains after applying subdivision (1).

The term does not include any interest or penalty imposed under this article.

SECTION 3. IC 6-1.1-20.6-9.5, AS ADDED BY P.L.162-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.5. ~~(a) This section applies only to credits under this chapter against property taxes first due and payable after December 31, 2006.~~

~~(b)~~ **(a)** The application of the credit under this chapter results in a **proportionate** reduction of the property tax collections of each political subdivision **taxing unit from each levy, including each excluded levy, imposed in a taxing district** in which the credit is applied. A political subdivision **taxing unit** may not increase its property tax levy to make up for that reduction.

~~(c)~~ **(b)** The county auditor shall in each calendar year notify each political subdivision **taxing unit imposing a property tax levy in a taxing district** in which the credit under this chapter is applied of the reduction of property tax collections referred to in subsection ~~(b)~~ **(a)** for the political subdivision **taxing unit** for that year.

~~(d)~~ **(c)** A political subdivision **taxing unit** may not borrow money to compensate the political subdivision **taxing unit** or any other political subdivision **taxing unit** for the reduction of property tax collections referred to in subsection ~~(b)~~ **(a)**.

(d) Taxing units are required by law to fully fund the payment of debt service or lease rentals in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in collections due to the application of tax credits granted under this chapter. Any reduction in collections must be applied to the other funds of the taxing unit after debt service or lease rentals have been fully funded. The department of local government finance shall enforce this subsection.

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1 SECTION 4. [EFFECTIVE JANUARY 1, 2008] **IC 6-1.1-20.6-1.5,**
2 **as added by this act, and IC 6-1.1-20.6-3 and IC 6-1.1-20.6-9.5, both**
3 **as amended by this act, apply to property taxes first due and**
4 **payable after December 31, 2007.**

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